



Budget Documentation

Table of Contents

PART 1 ANNUAL BUDGET

1. Introduction
2. Mayor's report
3. Resolutions
4. Executive summary
 - 4.1 Consolidated Overview
 - 4.2 Statement of Financial Performance
 - 4.3 Revenue by Source
 - 4.4 Expenditure by Type
 - 4.5 Capital expenditure
- Budget Tables
 - 5.1 Financial position
 - 5.2 Cash Flow Statement
 - 5.3 Grants and Subsidies
6. Tariffs Report
7. Quality certificate

Glossary

Act – means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Own Revenue – Means total revenue as reflected in the municipality's financial performance budget less national and provincial conditional transfers.

PART 1

ANNUAL BUDGET

1. INTRODUCTION

PURPOSE

The purpose is to submit to Council the Multi-Year Budget for the 2017-2018 financial year as required in terms of Section 16 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and in terms of the new Municipal Budget and Reporting Regulations.

AUTHORITY

Mayor

LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003, Section 16.

BACKGROUND

Annual budgets 16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Contents of annual budgets and supporting documents 17.

(1) An annual budget of a municipality must be a schedule in the prescribed format—

(a) setting out realistically anticipated revenue for the budget year from each revenue source;
(b) appropriating expenditure for the budget year under the different votes of the municipality;
(c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;

(d) setting out—

(i) estimated revenue and expenditure by vote for the current year; and

(ii) actual revenue and expenditure by vote for the financial year preceding the current year; and

(e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.

(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents:

(a) Draft resolutions—

(i) Approving the budget of the municipality;

(ii) Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

(iii) approving any other matter that may be prescribed;

(b) measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;

(c) a projection of cash flow for the budget year by revenue source, broken down per month;

(d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;

(e) any proposed amendments to the budget-related policies of the municipality;

(f) particulars of the municipality's investments;

(g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;

(h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;

(i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

(j) Particulars of any proposed allocations or grants by the municipality to—

(i) other municipalities;

(ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;

(iii) any other organs of state;

(iv) any organisations or bodies referred to in section 67(1);

(k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of—

(i) each political office-bearer of the municipality;

(ii) councillors of the municipality; and

(iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;

(l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of—

(i) each member of the entity's board of directors; and

(ii) the chief executive officer and each senior manager of the entity; and

(m) any other supporting documentation as may be prescribed.

3 Resolution

The Council of the Mpofana Municipality at a meeting on the 31st March 2017 considered the budget for approval. The following are the resolutions:

3.1 THAT the attached Operating Budget in respect of 2017/2018 be approved as follows:

Total Operating Income R139,421 000.00

Total Operating Expenditure R157,407,400.00

3.2 THAT the Capital Budget for the 2017/2018 financial year as tabled in the amount of R12 919 be approved.

4.1 Consolidated Overview

Description R thousand	Ref 1	Current Year 2016/17				2017/2018 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Revenue		127 857	131 441	131 441	131 441	139 421	145 627	157 233
Total Expenditure		133 927	152 178	152 178	152 178	157 407	149 431	160 731
Total Capital Expenditure		18 680	25 880	25 880	25 880	12 919	12 608	13 076

The above table indicates the changes from original budget to proposed budget for the period 2017-2018.

Total Operating Revenue

The municipality's has budgeted total operating revenue of R139,4 million and the details of the increase will be explain in revenue by source, **table 4.3**

Total Operating Expenditure

The total operating expenditure budget for 2017/2018 is R157, 4 million and the details of the increase are explained in **expenditure by type Table 4.4.**

Total Capital Budget

Capital Budget for 2017/2018 is R12, 9 million. **Table 4.5**

4.2 Financial Performance

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1							
Revenue By Source								
Property rates	2	13,418	14,323	14,323	14,323	15,240	16,108	17,010
Service charges - electricity revenue	2	51,941	54,008	54,008	54,008	57,465	60,740	64,141
Service charges - water revenue	2	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3,127	3,127	3,127	3,127	3,327	3,517	3,714
Service charges - other								
Rental of facilities and equipment		697	237	237	237	252	267	281
Interest earned - external investments		2	373	373	373	397	419	443
Interest earned - outstanding debtors		2,222	2,723	2,723	2,723	2,897	3,062	3,234
Dividends received								
Fines, penalties and forfeits		7,724	7,724	7,724	7,724	8,218	8,687	9,173
Licences and permits		3,400	3,700	3,700	3,700	3,937	4,161	4,394
Agency services								
Transfers and subsidies		39,640	39,640	39,640	39,640	44,614	44,521	50,459
Other revenue	2	5,686	5,586	5,586	5,586	3,074	4,144	4,383
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		127,857	131,441	131,441	131,441	139,421	145,627	157,233
Expenditure By Type								
Employee related costs	2	32,908	32,908	32,908	32,908	35,343	37,355	39,447
Remuneration of councillors		2,449	3,035	3,035	3,035	3,188	3,370	3,589
Debt impairment	3	25,947	25,947	25,947	25,947	15,530	16,415	17,335
Depreciation & asset impairment	2	6,304	6,312	6,312	6,312	7,622	8,403	9,456
Finance charges		677	677	677	677	720	761	804
Bulk purchases	2	55,934	66,185	66,185	66,185	66,390	70,174	70,390
Other materials	8							
Contracted services		3,400	5,980	5,980	5,980	6,363	6,725	6,719
Transfers and subsidies		-	-	-	-	-	-	-
Other expenditure	4, 5	6,308	11,134	11,134	11,134	22,251	16,227	12,992
Loss on disposal of PPE								
Total Expenditure		133,927	152,178	152,178	152,178	157,407	159,431	160,731
Surplus/(Deficit)		(6,070)	(20,737)	(20,737)	(20,737)	(17,987)	(13,804)	(3,498)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		18,680	18,680	18,680	18,680	12,164	12,608	13,076
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		12,610	(2,057)	(2,057)	(2,057)	(5,823)	(1,196)	9,578
Surplus/(Deficit) after capital transfers & contributions								
Taxation								
Surplus/(Deficit) after taxation		12,610	(2,057)	(2,057)	(2,057)	(5,823)	(1,196)	9,578
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		12,610						9,578

			(2,057)	(2,057)	(2,057)	(5,823)	(1,196)	
Share of surplus/ (deficit) of associate	7							
Surplus/(Deficit) for the year		12,610	(2,057)	(2,057)	(2,057)	(5,823)	(1,196)	9,578

The above table indicates the statement of financial performance with revenue and expenditure.

4.3 Revenue by Source

Description R thousand	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source								
Property rates	2	13,418	14,323	14,323	14,323	15,240	16,108	17,010
Service charges - electricity revenue	2	51,941	54,008	54,008	54,008	57,465	60,740	64,141
Service charges - water revenue	2	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3,127	3,127	3,127	3,127	3,327	3,517	3,714
Service charges - other								
Rental of facilities and equipment		697	237	237	237	252	267	281
Interest earned - external investments		2	373	373	373	397	419	443
Interest earned - outstanding debtors		2,222	2,723	2,723	2,723	2,897	3,062	3,234
Dividends received								
Fines, penalties and forfeits		7,724	7,724	7,724	7,724	8,218	8,687	9,173
Licences and permits		3,400	3,700	3,700	3,700	3,937	4,161	4,394
Agency services								
Transfers and subsidies		39,640	39,640	39,640	39,640	44,614	44,521	50,459
Other revenue	2	5,686	5,586	5,586	5,586	3,074	4,144	4,383
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		127,857	131,441	131,441	131,441	139,421	145,627	157,233

Revenue by Source

Property Rates

Property rates budget is R15.2 million. The municipality made an increase of 6.4% on Property rates for 2017/2018 financial year.

Service charge electricity

The municipality also use 6.4% in the budgeted amount for Electricity however the municipality is facing a challenge in collection on Service charge Electricity as a result of meter tempering.

Service charge Refuse

The budgeted amount for Refuse on 2017/2018 budget is R3, 3 million. The municipality uses CPI % increase of 6.4%.

Interest on Investment

Interest on Investment has decrease as the municipality has utilised most of the investment that the municipality has.

Fines

The municipality has budgeted R8, 2 million on Traffic fines. But the municipality is facing a challenge in collecting on those traffic fines. People do not pay their Traffic fines.

Licences and Permits

The Licence and Permits budget is R3, 9 million for the 2017/2018 financial year.

Other Revenue.

The budget amount for Other Income is R3, million of which R2, million will be claimed from SANRAL as per the agreement between the municipality and SANRAL.

4.4 Expenditure by Type

Description R thousand	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type	-	32,908	32,908	32,908	32,908	35,343	37,355	39,447
Employee related costs	2	2,449	3,035	3,035	3,035	3,188	3,370	3,589
Remuneration of councillors		25,947	25,947	25,947	25,947	15,530	16,415	17,335
Debt impairment	3	6,304	6,312	6,312	6,312	7,622	8,403	9,456
Depreciation & asset impairment	2	677	677	677	677	720	761	804
Finance charges		55,934	66,185	66,185	66,185	66,390	70,174	70,390
Bulk purchases	2							
Other materials	8	3,400	5,980	5,980	5,980	6,363	6,725	6,719
Contracted services		-	-	-	-	-	-	-
Transfers and grants		6,308	11,134	11,134	11,134	22,251	16,227	12,992
Other expenditure	4, 5							
Loss on disposal of PPE								
Total Expenditure		139 331	125 542	125 542	125 542	124 948	133 812	144 339

Expenditure by Type

Employee related cost

Employee related budget is R35, 3 million. The municipality increased its Employee cost budget by 7.4% which is the CPI + 1% as issued Circular 86.

Contracted service

The municipality made an increase of 6.4% as per CPI Inflation as per Circular 86.

List of the budgeted Expenditure breakdown

Other Expenditure	Year1	Year2	Year3
Audit Fees	1,200,000.00	1,268,400.00	1,267,200.00
Finance Cost	170,000.00	179,690.00	179,520.00
MSCOA Implementation Programme	1,321,797.00	1,023,833.00	500,000.00
Deeds Transfers	10,000.00	10,570.00	10,560.00
Consultant and Prof Fees	350,000.00	369,950.00	378,628.00
Evaluation Expenses	350,000.00	369,950.00	369,600.00
Postage and Stamps	80,000.00	84,560.00	84,480.00
Advertising	310,000.00	327,670.00	327,360.00
Gabage Bags	3,000.00	3,171.00	3,168.00
Brooms	1,500.00	1,586.00	1,584.00
Dust Pans	1,000.00	1,057.00	1,056.00
Brush Cutter	6,000.00	6,342.00	6,336.00
Slasher	18,000.00	19,026.00	19,008.00
Fuel and Oil	470,000.00	492,790.00	510,076.00
Trebunal Payments	40,000.00	42,280.00	42,240.00
Review of Town Planning Scheme	200,000.00	211,400.00	211,200.00
Shared Services	50,000.00	52,850.00	52,800.00
R&M	2,526,000.00	2,669,982.00	2,667,455.00
TLB Hire	540,000.00	570,780.00	570,240.00
Software	882,000.00	932,274.00	931,392.00
Accommodation	50,000.00	52,850.00	52,800.00
S&T	80,000.00	80,000.00	80,000.00
Conference Fees	50,000.00	52,850.00	52,800.00

Proclamation and Gazette	20,000.00	21,140.00	21,120.00
Printing of ByLaws	80,000.00	84,560.00	84,480.00
Stationery	40,000.00	42,280.00	42,240.00
Insurance	200,000.00	211,400.00	211,200.00
Kitchen Appliance	4,000.00	4,228.00	4,224.00
Telephone	400,000.00	422,800.00	422,400.00
Water & Electricity	400,000.00	422,800.00	422,400.00
Vehicle Licence Renewal	16,500.00	17,440.00	17,424.00
Transport	185,000.00	195,545.00	195,360.00
Training	380,000.00	401,660.00	401,280.00
Mandatory Grant	26,132.00	27,622.00	27,595.00
Bursary For Employee	200,000.00	211,400.00	211,200.00
Trophies & Medals	10,000.00	10,570.00	10,560.00
Catering	90,000.00	95,130.00	95,943.00
Sound System	10,000.00	10,570.00	10,560.00
Ward Committee Stipend	100,000.00	105,700.00	105,600.00
Educational Pamphlets	10,000.00	10,570.00	10,560.00
Calibration of Vehicle Examination Equipment	50,000.00	52,850.00	55,810.00
Uniform	320,000.00	338,240.00	357,247.00
	11,250,929.00	11,510,366.00	11,026,706.00

4.5 Capital Expenditure

Vote Description R thousand	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital Expenditure - Functional</u>								
<i>Governance and administration</i>		-	1,500	1,500	1,500	755	-	-
Executive and council								
Finance and administration			1,500	1,500	1,500	755		
Internal audit								
<i>Community and public safety</i>		7,000	12,700	12,700	12,700	-	-	-
Community and social services		7,000	12,700	12,700	12,700			
Sport and recreation								
Public safety								
Housing								
Health								
<i>Economic and environmental services</i>		11,680	11,680	11,680	11,680	12,164	12,608	13,076
Planning and development								
Road transport		11,680	11,680	11,680	11,680	12,164	12,608	13,076
Environmental protection								
<i>Trading services</i>		-	-	-	-	-	-	-
Energy sources								
Water management								
Waste water management								
Waste management								
<i>Other</i>								
Total Capital Expenditure - Functional	3	18,680	25,880	25,880	25,880	12,919	12,608	13,076
<u>Funded by:</u>								
National Government		11,680	11,680	11,680	11,680	12,164	12,608	13,076
Provincial Government		7,000	7,000	7,000	7,000			
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	18,680	18,680	18,680	18,680	12,164	12,608	13,076
Public contributions & donations	5							
Borrowing	6							
Internally generated funds			7,200	7,200	7,200	755		
Total Capital Funding	7	18,680	25,880	25,880	25,880	12,919	12,608	13,076

- The municipality has the Capital budget of R12, 919 million and that entire budget is funded by Grants and subsidies. National Government funds R12, 1 million and R755 thousand will be funded by internal generated funds.

5.1. Statement of Financial Position

Description R thousand	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS								
Current assets								
Cash		5,697	4,171	4,171	4,171	2,100	2,300	2,400
Call investment deposits	1	980	800	800	800	851	900	950
Consumer debtors	1	32,937	32,937	32,937	32,937	35,045	37,043	39,117
Other debtors		497	497	497	497	497	497	497
Current portion of long-term receivables		400	400	400	400	400	400	400
Inventory	2	76	76	76	76	81	85	90
Total current assets		40,587	38,881	38,881	38,881	38,974	41,225	43,455
Non current assets								
Long-term receivables								
Investments								
Investment property		5,335	5,335	5,335	5,335	22,408	23,614	24,820
Investment in Associate								
Property, plant and equipment	3	90,217	96,590	96,590	96,590	101,887	106,092	109,712
Agricultural								
Biological								
Intangible		85	85	85	85	85	85	85
Other non-current assets		99	99	99	99	116	125	133
Total non current assets		95,736	102,109	102,109	102,109	124,496	129,916	134,750
TOTAL ASSETS		136,323	140,990	140,990	140,990	163,470	171,141	178,205
LIABILITIES								
Current liabilities								
Bank overdraft	-							
Borrowing	1							
Consumer deposits	4	-	-	-	-	651	688	726
Trade and other payables		266	266	266	266			
Provisions	4	20,124	49,124	49,124	49,124	34,124	29,124	24,124
		-	7,800	7,800	7,800	8,299	8,772	9,264
Total current liabilities		20,390	57,190	57,190	57,190	43,074	38,584	34,114
Non current liabilities								
Borrowing		-	298	298	298	317	335	353
Provisions		11,986	11,986	11,986	11,986	20,165	21,315	22,622
Total non current liabilities		11,986	12,284	12,284	12,284	20,482	21,650	22,975
TOTAL LIABILITIES		32,376	69,474	69,474	69,474	63,556	60,234	57,089
NET ASSETS	5	103,947	71,516	71,516	71,516	99,914	110,907	121,116
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		103,937	70,833	70,833	70,833	99,915	110,907	121,116
Reserves	4	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	103,937	70,833	70,833	70,833	99,915	110,907	121,116

The above Table is budgeted Financial Position of the municipality for 2017/2018 financial year.

5.2. Budget Cash flow

Description	Ref	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates		9,379	10,741	10,741	10,741	12,192	12,081	12,758
Service charges		38,548	42,851	42,851	42,851	48,634	48,193	50,891
Other revenue		11,405	11,843	11,843	11,843	8,298	7,034	7,967
Government - operating	1	39,640	39,640	39,640	39,640	44,614	44,521	50,459
Government - capital	1	18,680	18,680	18,680	18,680	12,164	12,608	13,076
Interest		2,674	3,045	3,045	3,045	3,294	3,481	3,677
Dividends						-	-	-
Payments								
Suppliers and employees		(100,672)	(119,249)	(119,249)	(119,249)	(125,190)	(131,151)	(133,137)
Finance charges		(677)	(677)	(677)	(677)	(720)	(761)	(804)
Transfers and Grants	1					-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		18,977	6,874	6,874	6,874	3,286	(3,994)	4,887
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE						-	-	-
Decrease (Increase) in non-current debtors						-	-	-
Decrease (increase) other non-current receivables						-	-	-
Decrease (increase) in non-current investments						-	-	-
Payments								
Capital assets		(18,680)	(25,880)	(25,880)	(25,880)	(12,164)	(12,608)	(13,076)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(18,680)	(25,880)	(25,880)	(25,880)	(12,164)	(12,608)	(13,076)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans						-	-	-
Borrowing long term/refinancing						-	-	-
Increase (decrease) in consumer deposits						-	-	-
Payments								
Repayment of borrowing		-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		297	(19,006)	(19,006)	(19,006)	(8,878)	(16,602)	(8,189)
Cash/cash equivalents at the year begin:	2	6,461	4,935	4,935	4,935	2,100	(6,778)	(23,381)
Cash/cash equivalents at the year end:	2	6,758	(14,071)	(14,071)	(14,071)	(6,778)	(23,381)	(31,570)

The above Table is budgeted Cash flow of the municipality for 2017/2018 financial year.

- The municipality has budgeted 80% collection rate on Property rate, Service charge electricity, service charge Refuse removal.
- On Traffic fines the municipality budget 50% collection rate.

5.3. Grants and Subsidies

Description R thousand	Ref	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
EXPENDITURE:	1						
- <u>Operating expenditure of Transfers and Grants</u>							
National Government:		38,518	38,518	38,518	43,125	42,958	48,822
Local Government Equitable Share		27,693	27,693	27,693	29,225	31,803	33,407
Energy Efficiency and Demand Management					6,000	6,000	5,000
Integrated National Electrification Programme		8,000	8,000	8,000	5,000	3,000	8,000
Finance Management		1,825	1,825	1,825	1,900	2,155	2,415
EPWP Incentive		1,000	1,000	1,000	1,000		
Municipal Systems Improvement							
Other transfers/grants [insert description]							
Provincial Government:		1,122	1,122	1,122	1,489	1,563	1,637
Other transfers/grants [insert description]		1,122	1,122	1,122	1,489	1,563	1,637
District Municipality:		-	-	-	-	-	-
[insert description]							
Other grant providers:		-	-	-	-	-	-
[insert description]							
Total operating expenditure of Transfers and Grants:		39,640	39,640	39,640	44,614	44,521	50,459
<u>Capital expenditure of Transfers and Grants</u>							
National Government:		11,680	11,680	11,680	12,164	12,608	13,076
Municipal Infrastructure Grant (MIG)		11,680	11,680	11,680	12,164	12,608	13,076
Other capital transfers/grants [insert desc]							
Provincial Government:		7,000	7,000	7,000	-	-	-
Cogta		7,000	7,000	7,000			
District Municipality:		-	-	-	-	-	-
[insert description]							
Other grant providers:		-	-	-	-	-	-
[insert description]							

Total capital expenditure of Transfers and Grants		18,680	18,680	18,680	12,164	12,608	13,076
TOAL EXPENDITURE OF TRANSFERS AND GRANTS		58,320	58,320	58,320	56,778	57,129	63,535

The Table above is the total budgeted Grants and Subsidies Transfers to municipality as per Gazetted Division of Revenue Act and the allocation.(DORA)

Recommendation

That the Council approves the Draft Annual Budget for 2017/2018 financial Year.